

.....
Indiana Department of Financial Institutions

TO YOUR CREDIT

Instructor Guide



Building: Knowledge,
Security, and
Confidence

FINANCIAL EDUCATION CURRICULUM

TABLE OF CONTENTS

INSTRUCTOR INFORMATION	1
Before the Session.....	1
Materials and Equipment	1
Instructor Steps	2
Icons.....	3
TO YOUR CREDIT	4
Objectives	4
Course Introduction.....	5
What Do You Know.....	7
What is a Credit Report?	8
Getting a Copy of Your Credit Report	17
How do I Read a Credit Report?	20
Building and Repairing Your Credit History?	26
Course Summary.....	38
End of Course Evaluation	39

INSTRUCTOR INFORMATION

Before the Session

To properly present the To Your Credit course, you should:

- Review all materials in the Instructor Guide and the Participant Take-Home Guide.
- Make copies of Participant Take-Home Guides.
- Copy slides (overheads) into transparencies or use PowerPoint Slide Presentation.
- When appropriate, prepare chart paper examples.
- Identify potential trouble spots in the exercises, as well as hints for assisting participants.
- Select and prepare anecdotes from real-world experiences that can be used to illustrate special scenarios, generate discussion, and maintain participant interest.
- Prepare copies of the Credit Report Sample for participants

Materials and Equipment

- Transparency projector or Computer projection for PowerPoint Slide Presentations
- To Your Credit transparencies or PowerPoint Slide Presentation
- Chart paper and easel
- Markers for chart paper and transparencies
- Name tents
- Pencils or pens for each participant
- Credit Report Sample handouts
- Participant Take-Home Guides

Instructor Steps

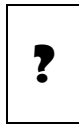
Step-by-step directions are provided for the instructor. The text below is an example of an instructor step:

Instructor Cue	Instructions
<div><p>You Will Know</p><hr/><ul style="list-style-type: none">● What a credit report is and how it is used● How to order a credit report● How to read a credit report● How to start repairing credit● How to recognize credit repair scams● Available resources<p>2</p></div> <p>Slide 2</p>	<ul style="list-style-type: none">▶ Show Slide 2 (You Will Know).▶ Review course objectives.

Generally, these steps enable the instructor to ask questions, provided explanations, show slides, hand out materials and introduce exercises.

Icons

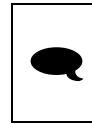
Icons alert the instructor to discussion questions, exercises, transitions, and summaries. They appear in the left margin:



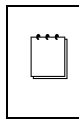
Ask questions or conduct a discussion.



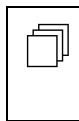
Distribute a hand out.



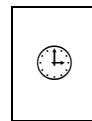
Explain.



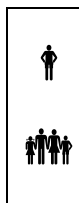
Report out exercise information or record the results of a brainstorm.



Refer to activity material.

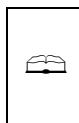


Allow Time

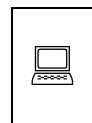


Indicate the beginning of an individual activity or exercise.

Indicate the beginning of a group activity or exercise.



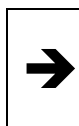
Read



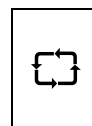
Web Sites for additional information.



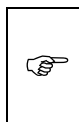
Summarize an activity or check for understanding.



Transition to the next topic.



Summarize the course



Point on the slide.

TO YOUR CREDIT

Objectives


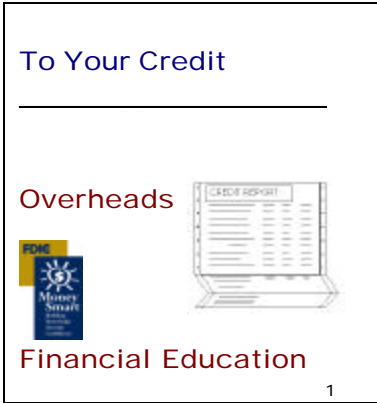


By the end of this course, participants will be familiar with the importance of a credit history. To achieve this objective, participants will be able to:

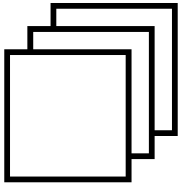

- Identify a credit report and how it is used
- Order a credit report
- Read a credit report
- Identify ways to start repairing credit
- Recognize credit repair scams
- Identify available resources

Time

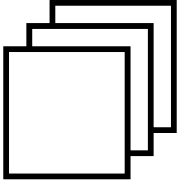


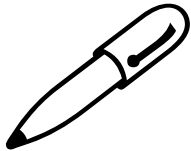

70 Minutes

Course Introduction

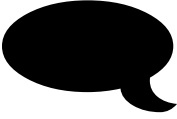


Instructor Cue	Instructions
	<p>▶ Before the start of the class, hand out the following materials to each participant:</p> <ul style="list-style-type: none"> ● Participant Take-Home Guide ● Name tent ● Pencil or pen
	<p>▶ Show Slide 1 (To Your Credit).</p> <p>▶ “Welcome To Your Credit!” Introduce yourself (e.g., name, experience as an instructor or banker).</p>
	<p>▶ Ask: “How many of you have seen your credit report?”</p> <p>▶ Have participants respond by a show of hands.</p>
	<p>▶ Explain: “This course provides general information on credit reports, ways to repair credit, and available resources.”</p>

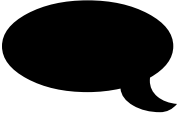


Instructor Cue	Instructions
<div data-bbox="199 296 570 711"> <p>You Will Know</p> <ul style="list-style-type: none"> ● What a credit report is and how it is used ● How to order a credit report ● How to read a credit report ● How to start repairing credit ● How to recognize credit repair scams ● Available resources <p>2</p> </div> <p>Slide 2</p>	<ul style="list-style-type: none"> ▶ Show Slide 2 (You Will Know). ▶ Explain: “By the end of the course, you will be familiar with the importance of your credit history You will know: <ul style="list-style-type: none"> ● What a credit report is and how it is used ● How to order a credit report ● How to read a credit report ● How to start repairing credit ● How to recognize credit repair scams ● Available resources”
	<ul style="list-style-type: none"> ▶ Show the Participant Take-Home Guide to the class.
	<ul style="list-style-type: none"> ▶ Explain: “Each of you has a copy of the To Your Credit Take-Home Guide which contains highlights of the course. We will be using this throughout the course. Take it home and use it as a reference.”


What Do You Know



Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Explain: “Take out the last page of your Take-Home Guide, the <i>What Do You Know</i> form.”
	<ul style="list-style-type: none"> ▶ Explain: “The What Do You Know form lets you measure how much you have learned from the course.”
	<ul style="list-style-type: none"> ▶ Read the instructions and walk the participants through each statement. ▶ Explain: “Complete the Before-the-Course column only. You will complete the other column at the end of the course.”
	<ul style="list-style-type: none"> ▶ Provide enough time for participants to complete the <i>What Do You Know</i> form. (2-3 minutes) ▶ Have participants put these forms aside until the end of the course when they will complete the After-the-Course column.
	<ul style="list-style-type: none"> ▶ Transition: “Now let’s start by explaining what a credit report is.”

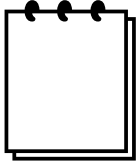

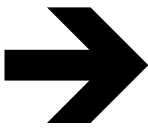
What is a Credit Report?



Instructor Cue	Instructions
	<p>► Explain: “A credit report is a record of how you’ve paid your debts. A credit report shows how much debt you have and whether you’ve made payments on time.”</p>
	<p>► Ask: “Do you know what’s in your credit report?”</p> <p>► Acknowledge participants’ responses.</p>
<div data-bbox="198 852 570 1304"> <p>What is in a Credit Report</p> <hr/> <ul style="list-style-type: none"> ● Identifying information ● Credit History ● Inquiries ● Public record Information  </div> <p>Slide 3</p>	<p>► Show Slide 3 (What is in a Credit Report).</p> <p>► Explain: “A credit report contains information about you. The report indicates where you live, where you work, and whether you make credit payments on time.</p> <p>The reports from each of the credit agencies look different but contain the same basic information. Typically a credit report contains:</p> <ul style="list-style-type: none"> ● First, identifying information including: <ul style="list-style-type: none"> Name, current, and previous addresses Social Security number Telephone number Birth date Current and previous employers Spouse’s name.”



Instructor Cue	Instructions
	<ul style="list-style-type: none"> ● “Second, a credit report contains your credit history. That is, your account record with different creditors. It will show how much credit has been extended and how you have repaid it. ● Third, a credit report contains inquiries or a list that identifies creditors and other authorized parties who have requested and received your credit report. ● Fourth, a credit report contains public record information. These are items that are matters of public record such as collection accounts, bankruptcies, foreclosures, tax liens, civil judgments, and late child support payments.”
	<p>▶ Transition: “Let’s take a moment to talk about some of these public record items.”</p>
	<p>▶ Ask: “Can anyone explain a tax lien?”</p> <p>▶ Acknowledge participants’ responses.</p>
<div data-bbox="199 1472 570 1892"> <p>Definitions</p> <hr/> <ul style="list-style-type: none"> ● Tax Lien - A claim against property filed by the taxing authority for unpaid taxes. ● Judgment – A court order placing a lien on a debtor’s property as security for a debt owed to a creditor. ● Collection Account – A past due account that has been referred to a specialist to collect part or all of the debt. ● Bankruptcy – A legal proceeding that can legally release a person from repaying debts that a person cannot pay back <p style="text-align: right;">4</p> </div> <p style="text-align: center;">Slide 4</p>	<p>▶ Show Slide 4 (Definitions).</p> <p>▶ Explain: “A tax lien is a claim against property or assets filed by the taxing authority for unpaid taxes. For example, since Mary did not pay her taxes, the taxing authority could make a claim against her home.”</p>





Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Explain: “A judgment is a court order placing a lien on a debtors property as security for a debt owed to a creditor. For example, John stopped paying his property taxes last year. After the county sent him several notices about the non-payment, the county went to court and goat a judgment lien. <p>By getting a judgment lien, the county can claim proceeds from the sale of John’s house to cover the amount of the taxes.</p> <p>A judgment can also be made against a debtors salary under garnishment.”</p> <ul style="list-style-type: none"> ▶ Explain: A collection account is a past due account that has been referred to a specialist to collect part or all of the debt. For example, since Pamela is not making payments on her car loan, the bank will ask a collection agency to collect the amount she owes. ▶ Explain: Bankruptcy is a legal proceeding that can legally release a person from repaying debts. For instance, Sam had a personal loan and a large credit card debt. <p>Sam lost his job and filed a petition for Chapter 7 bankruptcy because he could not pay back his loans. The court accepted his petition and he was no longer required to pay back the loans. However, the bankruptcy remained on his credit report for 10 years.”</p>

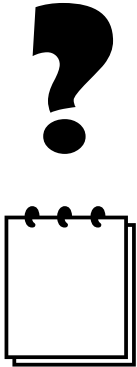


Instructor Cue	Instructions										
<p data-bbox="212 275 548 338">Negative Credit Report Information</p> <table border="1" data-bbox="220 390 558 751"> <thead> <tr> <th>Type of negative information</th><th>Maximum time on credit report</th></tr> </thead> <tbody> <tr> <td>General Civil judgments</td><td>7 years from date filed</td></tr> <tr> <td>Tax liens</td><td>7 years from the date paid (If tax is not paid, it will remain indefinitely)</td></tr> <tr> <td>Chapter 13 bankruptcies that have been dismissed or discharges</td><td>7 years</td></tr> <tr> <td>All other bankruptcies</td><td>10 years</td></tr> </tbody> </table> <p data-bbox="532 762 542 783">5</p> <p data-bbox="329 793 418 825">Slide 5</p>	Type of negative information	Maximum time on credit report	General Civil judgments	7 years from date filed	Tax liens	7 years from the date paid (If tax is not paid, it will remain indefinitely)	Chapter 13 bankruptcies that have been dismissed or discharges	7 years	All other bankruptcies	10 years	<ul style="list-style-type: none"> ▶ Show Slide 5 (Negative Credit Report Information). ▶ Explain: “In Chapter 13 bankruptcy, the debtor keeps all of his or her property and makes regular payments on the debts, even after filing for bankruptcy. To qualify for Chapter 13, the debtor needs to have a regular income. <p>In Chapter 7 bankruptcy, the debtor gives up all nonexempt property. The debtor keeps exempt property. Exempt property is property that state law determines is needed for the support of the debtor and his or her dependents.</p> <p>It’s important to understand that bankruptcy has a negative impact on your credit. Depending on the type of bankruptcy, it will stay on your credit report from 7 to 10 years. Having a bankruptcy on your credit report will make it hard to get credit in the future.”</p>
Type of negative information	Maximum time on credit report										
General Civil judgments	7 years from date filed										
Tax liens	7 years from the date paid (If tax is not paid, it will remain indefinitely)										
Chapter 13 bankruptcies that have been dismissed or discharges	7 years										
All other bankruptcies	10 years										
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site for additional information on Bankruptcy at:</p> <p><a data-bbox="618 1459 1300 1497" href="http://www.dfi.state.in.us/conscredit/end.htm#K.">http://www.dfi.state.in.us/conscredit/end.htm#K.”</p>										
	<ul style="list-style-type: none"> ▶ Ask: “Can you think of some items a credit report would not include?” 										

Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Write participants responses on chart paper. If participants do not respond, give one or two items to get them started. Write the following items on chart paper if the participants did not provide them. ▶ Credit report do not contain: <ul style="list-style-type: none"> ● Checking and savings account balances ● Income ● Medical history ● Purchases made with cash or check ● Business account information ● Race, gender, religion, or national origin ● Driving record
	<ul style="list-style-type: none"> ▶ Check for understanding. ▶ Ask: “Are there any questions about the public record items or anything else we’ve covered so far?” ▶ Answer questions.
	<ul style="list-style-type: none"> ▶ Transition: “Now let’s talk about how and why a lender would look at your credit report.”

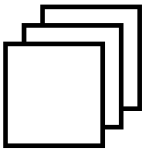


Instructor Cue	Instructions
	<p>► Explain: “A lender generally checks your credit report to decide whether to offer you a loan. The lender uses companies called credit reporting agencies.</p> <p>There are three major credit reporting agencies.</p> <p>Experian (Formerly TRW) http://www.experian.com P.O. Box 949 Allen, TX 75013-0949 (888)397-3742</p> <p>Equifax Credit Information Services, Inc. http://www.equifax.com P.O. Box 740241 Atlanta, GA 30374-0241 (800) 685-1111</p> <p>Trans Union Corporation http://www.transunion.com Trans Union Consumer Relations 760 West Sproul Road, P.O. Box 390 Springfield, PA 19064-0390 (800) 916-8800</p>
	<p>► Explain: “Credit reporting agencies receive information from a variety of creditors, usually monthly, about whether you and other customers are making loan payments on time.</p> <p>Information about bankruptcy filings, court-ordered judgments, tax liens, and other public record information is collected by agencies from courthouse records.”</p>


Instructor Cue	Instructions
	<p>► Explain: “Your credit report can affect whether you get your next loan.</p> <p>Let’s look at three people applying for loans. You are going to act as lenders.</p> <ul style="list-style-type: none"> ● Bob: Bob has been working for several years and has never applied for a loan. Bob has no credit history. ● Michael: Michael has been working several years. He has been late on making his car payments and recently stopped paying them all together. There is a tax lien on his house. ● David: David has been working for several years. He took out a car loan last year. He has been making the payments on time and has a good credit history.”
	<p>► Ask: “Based on this information alone, if you were a banker, which applicant poses the most risk – Bob, Michael, or David?”</p> <p>► Guide a brief discussion about how your credit report can affect your ability to get a loan.</p> <p>► Answer: “Both Bob and Michael would be considered risky. Michael has a poor record and has not paid his loans. Bob, on the other hand, has no history, so we don’t know what kind of a borrower he would be.</p> <p>The credit report is an important factor, but not the only consideration, in making a credit decision.”</p>

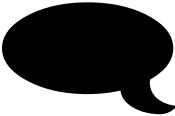

Instructor Cue	Instructions
	<p>► Explain: “If you have never applied for a loan, you will probably not have a credit history. Creditors might deny a loan application if you have no credit history because it is unknown whether you will make the loan payments.</p> <p>Creditors might also deny a loan application if you have a bad credit history since this indicates there is a greater chance you might not repay the loan.</p> <p>If you are paying your loans on time and have had no problems in the past, lenders will be more willing to make you a loan. A good credit record indicates you will most likely pay back the loan.”</p>
	<p>► Explain: “Lenders might use a credit score to help decide whether to make a loan. A credit score is a tool that helps lenders assess your credit risk. The score is based on information contained in your credit report.”</p>
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site for additional information on Credit Scoring at: http://www.dfi.state.in.us/conscredit/crscore.htm.”</p>
	<p>► Explain: “Keep in mind credit reporting agencies do not make credit decisions. Credit reporting agencies simply report the information provided by creditors. This information helps lenders make loan decisions.”</p>

Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Ask: “Can you think of some other factors that might influence a lender’s decision to make a loan?” ▶ Answer: Write participants’ answers on chart paper and fill in the factors listed below that were not mentioned. <ul style="list-style-type: none"> ● Income ● Length of residence ● Employment ▶ Explain: “These are just a few of the factors that can effect getting a loan.”
	<ul style="list-style-type: none"> ▶ Explain: “Your credit report can be viewed by other organizations with a legitimate business need. For example, your employer, insurance agent, or apartment manager can view your credit report. A poor credit history might affect your ability to get a job, be approved for insurance, or rent an apartment .”
	<ul style="list-style-type: none"> ▶ Transition: “Now you know what a credit report is and how a credit report is used, let’s talk about how to get a copy of your credit report.”


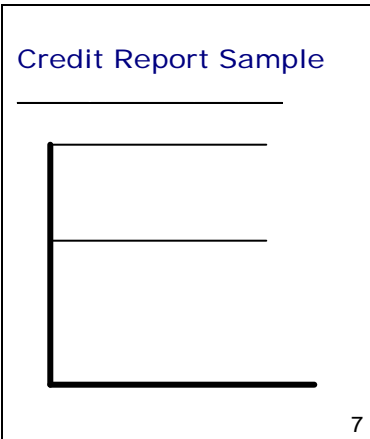

Getting a Copy of Your Credit Report





Instructor Cue	Instructions
	<p>► Explain: “You can get a copy of your credit report by contacting any or all of the three major credit reporting agencies. You might want to get copies of your report from each agency. Each agency might have slightly different information since lenders might not report to all three agencies.</p> <p>Page 11 in your Take-Home Guide has a list of the credit reporting agencies and how to contact them.</p> <p>Depending on the company, you can request your credit report over the phone, in writing, or through the Internet. Be sure to call the credit reporting agencies or look up information on the Internet to verify specific requirements needed to get your credit report.”</p>
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site for additional information on Credit Reporting at: http://www.dfi.state.in.us/conscredit/CIcredit_reporting.htm and http://www.dfi.state.in.us/conscredit/StudyUnits/unit5.htm.”</p>
	<p>► Explain: “If you plan to request your credit report through the mail, call the credit reporting agency’s toll free number in case their address has changed.</p> <p>You should also check whether you will have to pay a fee to get your credit report. The charge is generally less than \$10. There is no charge for a credit report if you were turned down in a credit transaction.”</p>

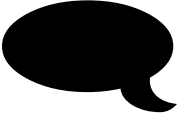


Instructor Cue	Instructions
	<p>► Explain: “Now let’s look at one scenario; Maria is requesting a copy of her credit report before she applies for a home loan. She calls one of the credit reporting agencies to verify the mailing address and to check on specific requirements.</p> <p>Maria find out the cost to get a copy of her credit report is \$8, but free copies are given in certain situations.”</p>
<div data-bbox="198 695 570 1129" style="border: 1px solid black; padding: 10px;"> <p>When Your Credit Report is Free</p> <hr/> <ul style="list-style-type: none"> ● If you have been recently denied for credit. ● If you have been recently denied employment or insurance. ● If you suspect someone has been fraudulently using your account. ● If you are unemployed and intend to apply for employment within 60 days. ● If you receive public welfare assistance. ● If you live in certain states. <p style="text-align: right;">6</p> </div> <p style="text-align: center;">Slide 6</p>	<p>► Show Slide 6 (When Your Credit Report is Free).</p> <p>► Explain: “Maria found that credit reporting agencies generally provide a free copy of your credit report if you:</p> <ul style="list-style-type: none"> ● Have been denied credit recently based on your credit history. ● Have been denied employment or insurance recently based on your credit history. ● Suspect someone has been fraudulently using your account. ● Are unemployed and intend to apply for employment within 60 days. ● Receive public welfare assistance, or ● Live in certain states.”





Instructor Cue	Instructions
	<p>► Explain: “Maria decides to write for a copy of her credit report. By calling the credit reporting agency, Maria found she needed to provide her:</p> <ul style="list-style-type: none"> ● Full name, including Jr., Sr., or II ● Social Security number ● Current and previous addresses with the last five years ● Birth date ● Signature, and ● Telephone number <p>The information you will generally need to provide to get your credit report is in your Take-Home Guide on page 4. Remember to verify what information is needed with the credit reporting agency before writing for your report.</p> <p>Since Maria was applying for the home loan with her husband, she wanted her credit report to include her husband’s credit history. Maria learned that credit information is maintained on an individual basis. Spouses must request their own credit report.</p> <p>If you are married, your spouse’s information might be different if you or your spouse opened accounts individually. If both spouses are co-borrowers, the loan information should be shown on both credit reports. If Maria and her husband get the home loan, the information for that loan will go on both of their credit reports.”</p>
	<p>► Transition: “Now that you know where and how to get a copy of your credit report, we will talk about how to read a credit report.”</p>






How do I Read a Credit Report?

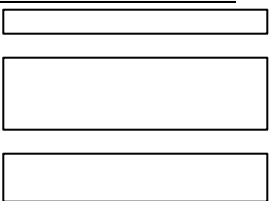


Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Hand out the <i>Credit Report Sample</i>. ▶ Explain: “In our scenario, Maria wrote the credit reporting agency for her credit report. She has received it in the mail. This handout is a sample of what her credit report would look like.”
<p>Credit Report Sample</p>  <p>Slide 7</p>	<ul style="list-style-type: none"> ▶ Show Slide 7 (Credit Report Sample). ▶ Point on the slide to the first section, Personal Identification Information, and have participants follow along with their handout. ▶ Explain: “The first section is identifying information. This information includes your name, current and previous addresses, Social Security number, date of birth, and other identifying information reported by creditors. <p>Look at your handout on the left side of the page. This column is How to Read Your Credit File. This column identifies each section of your credit report. We will go over each section.”</p>
	<ul style="list-style-type: none"> ▶ Point on the slide to the second section, Public Record Information and have participants follow along with their handout. ▶ Explain: “The next section is Public Record Information. This section contains information from local, state, and federal courts.”

Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Ask: “What public record items are listed on Maria’s credit report?” ▶ Answer: A lien and bankruptcy.
	<ul style="list-style-type: none"> ▶ Point on the slide to Collection Agency Account Information and have participants follow along with their handout. ▶ Explain: “This next section shows your credit history including accounts creditors have turned over to a collection agency. Maria’s credit report shows there was a collection reported in July 1999 by ABC Hospital.”
	<ul style="list-style-type: none"> ▶ Ask: “What was the amount reported?” ▶ Answer: \$878. ▶ Explain: “In this example the collection account was paid.”
	<ul style="list-style-type: none"> ▶ Point on the slide to Credit Account Information and have participants follow along with their handout. ▶ Explain: “The section contains both open and closed accounts. See the column under box 1. This column lists the creditor reporting the information. For example, the lender can be a store, bank, hospital, auto finance company, etc. <p>The column under box 2 is the account number reported by the creditor. In this example, it would be Maria’s bank, store, and auto account numbers.”</p>


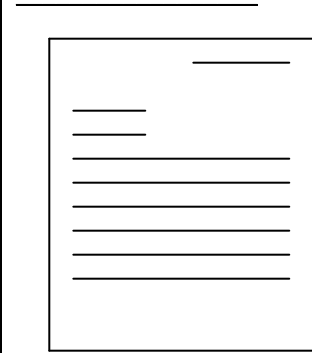
Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Explain: “The column under box 3 shows who is responsible for the account.” ▶ Have participants look at the bottom left corner of their handout in the box that is labeled, Whose Account. ▶ Explain: “Many different types of accounts are listed. You will generally see a “J” for “Joint” or an “I” for “Individual” on most credit reports. “Joint” means you own the account with another person and “Individual” means you own the account on your own.”
	<ul style="list-style-type: none"> ▶ Ask: “Is Maria’s store account a joint or individual account?” ▶ Answer: Maria’s store account is a joint account.
	<ul style="list-style-type: none"> ▶ Explain: “The column under box 4 shows the month and year the creditor opened the account. As you can see on Maria’s credit report, Maria’s store account was opened in December 2000. <p>The column under box 5 is for the number of months the account payment history has been reported.</p> <p>The column under box 6 is for the date of the last payment, change, or occurrence.”</p>

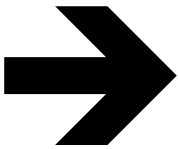


Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Have participants look at their handout. ▶ Ask: “The column under box 7 contains what information?” ▶ Answer: The highest amount charged or the credit limit.
	<ul style="list-style-type: none"> ▶ Explain: “Column 8 is for the number of installments or monthly payments and column 9 shows the amount owed as of the date reported.”
	<ul style="list-style-type: none"> ▶ Ask: “What is the amount Maria owes on her bank loan?” ▶ Answer: Maria’s doesn’t owe anything on her bank loan.
	<ul style="list-style-type: none"> ▶ Explain: “Column 10 has the amount past due as of the date reported. Maria has \$200 past due on her auto loan.” ▶ Have participants look on their handout at the bottom middle box, Status- Type of Account. ▶ Explain: “Column 11 refers to the status of the account and the timeliness of payment. The Status is “O” for open, “R” for revolving, and “I” for installment. The timeliness of payments is numbered zero through nine. As you can see in the middle box, Status – Type of Account, zero means the account is too new to rate. A one - the account is paid as agreed. A two - the account is 30 or more days past due, a three - it is 60 or more days past due, and so on.”

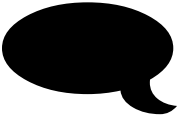


Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Ask: “Column 11 shows that Maria’s bank account is a I1. What does this mean about the status of this account and the timeliness of payment?” ▶ Answer: The status of the account is Installment and the account is paid as agreed.
	<ul style="list-style-type: none"> ▶ Explain: “Column 12 shows the date the account was last paid.”
	<ul style="list-style-type: none"> ▶ Point on the slide to last section, Inquiries. Have participants follow along with their handout. ▶ Explain: “The inquiries section list companies that requested your credit file.”
	<ul style="list-style-type: none"> ▶ Ask: “What companies received Maria’s credit file?” ▶ Answer: A bureau, two bankcards, and a department store. A bureau inquiry is when the agency researches a question about an account. For example, if Maria disputed an item, the bureau would pull her file to research her question. This does not count against Maria in a credit score.
	<ul style="list-style-type: none"> ▶ Check for understanding. ▶ Ask: “Are there any questions?” ▶ Answer questions.


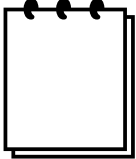
Instructor Cue	Instructions
<div data-bbox="198 285 513 758"> <p>Credit Report Comparison</p>  </div> <div data-bbox="332 730 558 785"> <p>Slide 8</p> </div>	<ul style="list-style-type: none"> ▶ Show Slide 8 (Credit Report Comparison). ▶ Explain: “As we discussed in the beginning of this course, there are three major credit agencies, Equifax, Experian, and TransUnion. <p>Each agency has a different format for its credit reports. This slide shows a sample of the different credit report formats. Notice that, although the formats are different, they contain basically the same information.”</p>
	<ul style="list-style-type: none"> ▶ Point on the slide where the account or company name is located on each report. Point out the account number and how each report shows that the account is individual Show where the date opened is found on each report.
	<ul style="list-style-type: none"> ▶ Transition: “Now that you know how to read a credit report, what would you do if there was an error in your report? How would you repair your credit history if needed?”

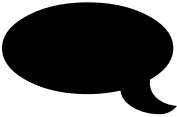


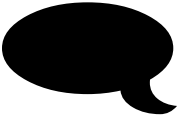
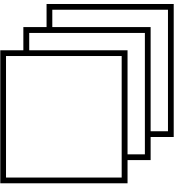
Building and Repairing Your Credit History?




Instructor Cue	Instructions
	<p>► Explain: “In our scenario, Maria reviewed her credit report and found the Public Record Information listed was not correct. Maria never had a lien or filed for bankruptcy. Maria decided to write a dispute letter.</p> <p>If you thing there is an error on your credit report, contact the credit reporting agency and write a dispute letter. Remember to keep a copy of the dispute letter.</p> <p>The credit reporting agencies are required to conduct an investigation within 30 days of receiving your letter.</p> <p>It is your responsibility to ensure that you credit report is accurate. Remember, credit reporting agencies do not investigate the accuracy of reported information unless you ask them to.</p> <p>You should review your credit report regularly. Some financial advisors recommend reviewing your credit report every year or, at a minimum, before you apply for a large loan.”</p>
<p>Sample Dispute Letter</p>  <p>Slide 9</p>	<p>► Show Slide 9 (Sample Dispute Letter).</p> <p>► Explain: “Turn to the <i>Sample Dispute Letter</i> on page 5 of your Take-Home Guide. The letter in the Take-Home guide does not have specific information, but has in parentheses what information is needed. This can be used as a guide to write a dispute letter if needed.”</p>



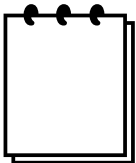
Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Transition: “Another thing to be aware of is identity theft”
	<ul style="list-style-type: none"> ▶ Ask: “Has anyone heard of identity theft?”
	<ul style="list-style-type: none"> ▶ Explain: “Identity theft occurs when thieves take personal information about you, such as your Social Security number, birth date, or credit card numbers. <p>The thieves might then open a new credit card account using your name, birth date, and Social Security number or open a new bank account in your name. If bad checks are written or bills are not paid, it will show up on your credit report.</p> <p>If you feel you are a victim of identity theft, you can call the Federal Trade Commission’s (FTC’s) Identity Theft Hotline at 1-877-438-4338. The FTC also recommends that you:</p> <ol style="list-style-type: none"> 1. Contact the fraud department of the three major credit reporting agencies. Tell them you are an identity theft victim. Ask them to place a “fraud alert” in your file. Ask for a copy of your credit report. They must give you a free copy of your report if your report is inaccurate because of fraud.”

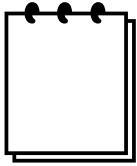

Instructor Cue	Instructions
	<ol style="list-style-type: none"> 2. Contact your creditors about any accounts that have been changed or opened fraudulently. Ask to speak with someone in the security or fraud department. 3. File a report at your local police station. Get a copy of the police report so you have proof of the crime. <p>Remember to take action immediately! Keep records of your conversations: include the date, the name of the person you spoke with, and all correspondence.”</p>
<p>Identity Theft Resources</p> <ul style="list-style-type: none"> ● www.consumer.gov/idtheft you can also call 1-877-438-4338 ● www.fraud.org you can also call 1-800-876-7060 ● For more information on ID Theft, visit DFI Web Site at: http://www.dfi.state.in.us/conscredit/end.htm#ID  <p>10</p> <p>Slide 10</p>	<ul style="list-style-type: none"> ▶ Show Slide 10 (Identity Theft Resources). ▶ Explain: “For more information regarding identity theft, check out these web sites. This information is located on page 11 of your Take-Home Guide.”
	<ul style="list-style-type: none"> ▶ Explain: “We discussed how your credit report can affect whether you get a loan and how building a good credit history can improved the chances of getting a loan. <p>Remember from an earlier example, Bob had been working for several years and never applied for a loan.”</p>



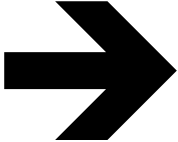
Instructor Cue	Instructions
	<p>► Ask: “Can anyone think of some ways Bob could build or demonstrate his credit history?”</p>
	<p>► Write participants responses on chart paper and fill in the following tips that were not mentioned by the participants.</p> <ul style="list-style-type: none"> ● Apply for a small loan at the bank or credit union where you have checking and savings accounts. ● Apply for credit with a local store, such as a department store. They typically have a lower credit limit and a higher annual percentage rate (APR) but are generally more willing to lend you money. There is usually no fee for department store cards. ● Make a large down payment on a purchase and negotiate credit payments for the balance. If you do not have a credit history but have a large down payment, there is less risk you will not make the payments. For example, if you are buying a used car for \$5,000 and have enough cash, you might consider making a down payment of \$1,000-\$3,000. Although the loan will be very small, it can prove you make your payments on time. ● You might ask a friend or relative with an established credit history to be a co-signer for you. ● Pay your bills on time and ask lender to review your history of paying rent, etc.


Instructor Cue	Instructions
	<p>► Explain: “These tips for building a credit history are listed in your Take-Home Guide on page 7.”</p>
	<p>► Explain: “Remember our example of Michael. Michael had been working several years, but he had been late making his car payments and then stopped making payments. There was a lien on his house.”</p>
	<p>► Ask: “What can Michael do to repair his credit history?”</p>
	<p>► Explain: “Michael can begin repairing his credit on his own or get help from a credit counseling agency.”</p>
	<p>► State: “Turn to page 8 in your Take-Home Guide and follow along as we discuss credit repair.</p> <p>To repair credit on your own:</p> <ul style="list-style-type: none"> ● Start by contacting credit reporting agencies to get a copy of your credit report. ● If there are errors on your credit report, you can contact the credit reporting agency to request an investigation. ● Contact your lenders to renegotiate payment plans.”




Instructor Cue	Instructions
	<p>► Explain: “If you have trouble paying your bills or have had problems getting a loan in the past, you might consider getting credit counseling.</p> <p>Credit counseling agencies can help you budget and negotiate with your lenders to make loan payments more manageable. Some of these agencies might suggest you consolidate your loans into a debt repayment plan.</p> <p>In this type of program, you make monthly payments to the agency and the agency pays your creditors during the term of the agreement.</p> <p>See the <i>For Further Information</i> section in your Take-Home Guide on page 12 for additional information on national credit counseling agencies.”</p>
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site for additional information on Credit Problems at: http://www.dfi.state.in.us/conscredit/CIhelp_credit_prob.htm; and Debt Collection at: http://www.dfi.state.in.us/conscredit/end.htm#J.”</p>
	<p>► Explain: “If you decide to use a credit counseling agency, the FTC has several tips to help you choose the right one:</p> <ul style="list-style-type: none"> ● Interview several credit counseling agencies before signing a contract. ● Check with your state attorney general and Better Business Bureau.”

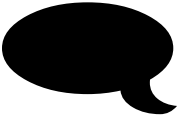

Instructor Cue	Instructions
	<ul style="list-style-type: none"> ● “Ask for information about the agency and its services. a reputable agency will send you this type of information free without requiring you to provide any details about your situation. If the agency won’t do this, find another agency. ● Ask questions about services and fees and the repayment plan.”
	<p>► Ask: “What are some questions you could ask about services and fees?”</p>
	<p>► Write participants responses on chart paper and fill in the questions that are not provided:</p> <ul style="list-style-type: none"> ● What services do you offer? ● Do you have educational material? If so, will you send them to me? Are they free? Can I access them on the Internet? ● In addition to helping me resolve my immediate problem, will you help me develop a plan for avoiding problems in the future. ● What are your fees? Do I have to pay anything before you can help me? Are there monthly fees? What is the basis for the fees? ● What is the source of your funding? ● Will I have a formal written agreement or contract with you? ● How soon can you take my case?

Instructor Cue	Instructions
	<ul style="list-style-type: none"> ● Who regulates, oversees, or licenses your agency? Is your agency audited? ● Will I work with one counselor or several? ● What are the qualifications of your counselors? Are they accredited or certified? If not, how are they trained? ● What assurance do I have that information about me will be kept confidential? <p>► Explain: “These questions from the FTC are listed on page 9 of your Take-Home Guide.”</p>
	<p>► Explain: “Next, let’s talk about some questions to ask about repayment plans. You can follow along on page 9 of your Take-Home Guide.</p> <p>These are questions you should ask potential credit counseling agencies:</p> <ul style="list-style-type: none"> ● How much debt must I have to use your services? ● How do you determine the amount of my payment? What happens if this is more than I can afford. ● How does your debt repayment plan work? How will I know my creditors have received payments? Is client money put into a separate account from operating funds? ● How often can I get status reports on my accounts? Can I get access to my accounts online or by phone?

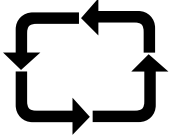


Instructor Cue	Instructions
	<ul style="list-style-type: none"> ● Can you get my creditors to lower or eliminate interest and finance charges or waive late fees? ● Is a debt repayment plan my only option? ● What if I can't maintain the agreed-upon plan? ● What debts will be excluded from the debt repayment plan? ● Will you help me plan for payment of these debts? ● Who will help me if I have problems with my accounts or creditors? ● How secure is the information I provide to you? ● Will this appear on my credit report?"
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site for additional information on Choosing a Credit Counselor at: http://www.dfi.state.in.us/conscredit/choosing_a_credit_counselor.htm.”</p>
	<p>► Transition: “Beware of credit repair agencies. Some businesses promise things they cannot deliver.”</p>

Instructor Cue	Instructions
<div data-bbox="199 258 561 804"> <p>True Statements About Credit Repair</p> <ul style="list-style-type: none"> ● No one can have accurate information removed from your credit report. ● If you have bad credit, it can take years to repair your credit legitimately. ● No one can create a new identity for you. ● You can order your credit report yourself. If you see errors on your report, you can also request that the credit reporting agencies make appropriate changes. <p>11</p> </div> <p>Slide 11</p>	<ul style="list-style-type: none"> ▶ Show Slide 11 (True Statements About Credit Repair). ▶ Explain: “Only consistent efforts and making payments on your debts will improve your credit. Remember: <ul style="list-style-type: none"> ● No one can have accurate information removed from your credit report. ● If you have bad credit, it can take years to repair your credit legitimately. ● No one can create a new identity for you. ● You can order your credit report errors on your report, you can also request that the credit reporting agencies make appropriate changes.”
	<ul style="list-style-type: none"> ▶ Explain: “I’m going to read a few credit repair scams. You tell me which true credit repair statement on the slide indicates the statement I read might be a scam.” ▶ Question: “The credit repair company promises to erase your bad credit and remove bankruptcies and judgments from your credit file. Which statement on the slide indicates this could be a scam?” ▶ Answer: “No one can have accurate information removed from your credit report.”

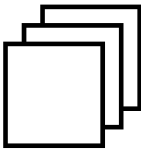
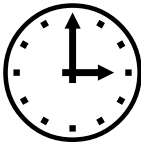

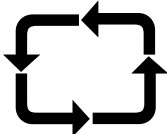
Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Question: “The credit repair company promises to erase your bad credit and remove bankruptcies and judgments from your credit file. Which statement on the slide indicates this could be a scam?” ▶ Answer: “No one can have accurate information removed from your credit report.”
	<ul style="list-style-type: none"> ▶ Question: “The credit repair company offers to create a new identity for you. Which statement on the slide indicates this could be a scam?” ▶ Answer: “If you make false statements on loan applications or use a fake Social Security number, you will be committing fraud. You can also be charged for mail or wire fraud if you use the mail or telephone to apply for credit and provide false information.”
	<ul style="list-style-type: none"> ▶ Question: “This credit repair company promises you fast and easy credit repair. Which statement on the slide indicates this could be a scam?” ▶ Answer: “If you have bad credit, it can take years to repair your credit legitimately Also keep in mind, if a credit repair company wants you to pay before providing any services, the company might not be legitimate. Many states have laws that regulate credit repair companies.”

Instructor Cue	Instructions										
	<p>► Explain: “Before signing a contract, check with your local better business bureau, state attorney general’s office, or local consumer protection agency to find out whether there have been complaints filed against the company.</p> <p>Credit repair companies cannot do anything that you can do for yourself.”</p>										
	<p>► Ask: “As we discussed, it might take years to repair your credit history. For example, how long do you think it could take to clear a paid tax lien from your credit report?”</p> <p>► Answer: 7 years.</p>										
<p>Negative Credit Report Information</p> <table border="1" data-bbox="224 1157 558 1514"> <thead> <tr> <th>Type of negative information</th><th>Maximum time on credit report</th></tr> </thead> <tbody> <tr> <td>General Civil judgments</td><td>7 years from date filed</td></tr> <tr> <td>Tax liens</td><td>7 years from the date paid (If tax is not paid, it will remain indefinitely)</td></tr> <tr> <td>Chapter 13 bankruptcies that have been dismissed or discharges</td><td>7 years</td></tr> <tr> <td>All other bankruptcies</td><td>10 years</td></tr> </tbody> </table> <p>5</p> <p>Slide 5</p>	Type of negative information	Maximum time on credit report	General Civil judgments	7 years from date filed	Tax liens	7 years from the date paid (If tax is not paid, it will remain indefinitely)	Chapter 13 bankruptcies that have been dismissed or discharges	7 years	All other bankruptcies	10 years	<p>► Show Slide 5 (Negative Credit Report Information).</p> <p>► Explain: “As previously stated, accurate negative information stays on your report for seven years from the date of first delinquency. Some information remains up to ten years.”</p> <p>If necessary, read the information on the slide – types of negative information and the maximum time on a credit report.</p>
Type of negative information	Maximum time on credit report										
General Civil judgments	7 years from date filed										
Tax liens	7 years from the date paid (If tax is not paid, it will remain indefinitely)										
Chapter 13 bankruptcies that have been dismissed or discharges	7 years										
All other bankruptcies	10 years										

Course Summary

Instructor Cue	Instructions
	<p>► Summarize the course: “Congratulations! You’ve completed the <i>To Your Credit</i> course. We’ve covered a lot of information today about credit history including:</p> <ul style="list-style-type: none"> ● Identify a credit report and how it is used. ● Order a credit report ● Read a credit report ● Identify ways to start repairing credit ● Recognize credit repair scams, and ● Identify available resources. <p>► You should now be familiar with the importance of your credit history.”</p>
	<p>► Ask: “Are there any questions?”</p> <p>► Answer any questions as time permits.</p>
	<p>► Transition: “To improve the course, we will need your feedback. The After-the – Course column on the <i>What Do You Know</i> form and <i>Course Evaluation</i> will identify changes that can make this course better.”</p>

End of Course Evaluation

Instructor Cue	Instructions
	<p>► Explain: “Please complete the After-the Course column and the <i>Course Evaluation</i>. These forms are the last two pages of your Take-Home Guide.”</p>
	<p>► Allow time for participants to complete it.</p> <p>► Collect the <i>What Do You Know</i> and <i>Course Evaluation</i> forms.</p>
	<p>“Don’t forget to visit the Indiana Department of Financial Institutions’ Web Pages on Credit Information at:</p> <p>http://www.dfi.state.in.us/conscredit/end.htm.”</p>
	<p>► Conclusion: “Great job on completing the <i>To Your Credit</i> course! Thank you for participating.”</p>

Handouts

- **Credit Report Example**

How to Read Your Credit File

Identifying Information

Public Information

Credit History

Credit Account Information

- 1-Creditor reporting the information
- 2-Account number reported by creditor
- 3-See explanation below.
- 4-Month & year the creditor opened the account.
- 5-Number of months account payment history has been reported.
- 6-Date of last payment, change or occurrence.
- 7-Highest amount charged or the credit limit.
- 8-Number of installments or monthly payment.
- 9-The amount owed as of the date reported.
- 10-The amount past due as of the date reported.
- 11-Date of last account update

Inquires

Whose Account:

Indicates who is responsible for the account and the type of participation you have with the account.

- J = Joint
- I = Individual
- U = Undesignated
- A = Authorized User
- T = Terminated
- M = Maker
- C = Co-Maker/Co-Signer
- B = On behalf of another person
- S = Shared

Credit Reporting Agency

Please address all future correspondent to:

Credit Reporting Agency
P. O. Box 0000
City, State, Zip Code
800 Phone number

SAMPLE CREDIT FILE

Personal Identification Information

Your Name Social Security #:000-00-0000
123 Current Address Date of Birth: January 21, 1967
City, State, Zip
Previous Address(es)
234 Any Rd., Marlin, Alaska 0000
P. O. Box 0000, Hilo, PA 0000
Last Reported Employment: Hospital Administration

Public Record Information

Lien filed 02/95: Big CTY, Case or other ID number-000000; amount \$27045; Class-state; Released 07/95; Verified 02/95.

Bankruptcy filed 10/94; Any District Ct; Case or other ID number-000000; Liabilities-\$13072; Personal; Individual; Discharges: Assets-\$750.

Collection Agency Account Information

Any Collection Agency (800) 000-0000
Collection Reported 07/98; Assigned 09/99 to Any Collection Agency (800) 000-0000
Client-ABC Hospital; Amount-\$878; Paid collection account.

Credit Account Information

Company Name	Account Number	Whose Acct	Date Opened	Months Review	Date of Last Activity	High Credit	Terms	Items as of Date Reported			Date Rptd.
								Balance	Past Due	Status	
1	2	3	4	5	6	7	8	9	10	11	12
Bank	1234	I	04/98	24	04/01	\$750		\$0		I1	03/01
Store	5678	J	12/00	36	12/01	\$1000		\$0		R1	01/01
Auto	9101	I	05/97	48	12/00	\$2400		\$300	\$200	I5	04/01
Previous Payment History: 3 Times 30 days late; 4 Times 60 days late											

Companies that Requested your Credit File

08/06/00 Bureau Disclosure 12/27/01 Department Store
03/01/01 Bankcard 01/23/01 Bankcard

Status:

Type if Account

- 0 = Open (entire balance due each month)
- R = Revolving (payment amount variable)
- I = Paid as agreed
- 2 = 30+ days past due
- 3 = 60+ days past due
- 4 = 90+ days past due
- 5 = Pays or paid 120+ days past the due date; or collection account
- 7 = Making regular payments under wage earner plan or similar arrangement
- 8 = Repossession
- 9 = Charged off to bad debt